

COUNTY OF YORK

MEMORANDUM

DATE: November 3, 2005 (BOS Mtg. 11/15/05)

TO: York County Board of Supervisors

FROM: James O. McReynolds, County Administrator

SUBJECT: Implementation of 2004-2005 Changes to the Personal Property Tax Relief Act of 1998

The Personal Property Tax Relief Act of 1998 (PPTRA) established a statewide program by which the Commonwealth of Virginia was to provide relief for owners of personal-use motor vehicles from city, county and town personal property tax on those vehicles. As the Board is aware, due to the soaring program costs of PPTRA, the 2004 and 2005 General Assemblies made significant changes to the PPTRA. The changes include converting the program from an entitlement program to a block grant formula that capped statewide relief to local governments at \$950 million annually. One result of those changes is that each local governing body now has choices about how to implement PPT at the local level. Those choices must be formally adopted by local ordinance.

On August 2, 2005, the Board held a work session to discuss the various options available for implementing the new provisions of PPTRA. Specifically, the Board directed staff to draft language that would adopt the "specific relief" method of computing and reflecting tax relief. The specific relief method allows the local Board to set a single tax rate and apply tax relief at a specific percentage to each qualifying vehicle. The Board also directed staff to apply tax relief at a single rate across the board to the first \$20,000 of qualifying vehicle value. Finally, the Board directed staff to include language directing the Treasurer to issue bills to and collect from all taxpayers regardless of the amount owed.

Proposed Ordinance No. 05-28 is attached and incorporates the Board's direction as included above. I recommend adoption of Proposed Ordinance No. 05-28, which will become effective January 1, 2006, in conjunction with the County's tax year.

White/3737

Attachment

- Proposed Ordinance No. 05-28